



The Advisor

for our Active members

A periodic publication of the Massachusetts Teachers' Retirement System as a service to its members

March 2017

THE MTRS THANKS YOU FOR YOUR CONTINUED PATIENCE

Creditable service estimate and service purchase caseload update

With the majority of the backlog behind us, turn-around times returning to normal

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We are pleased to announce that as of December 2016, the number of outstanding requests for creditable service estimates and service purchase applications stood at 3,037—a 39% decrease from December of the prior year. By comparison, the number of outstanding requests in 2013 totaled 16,498.

As you may recall, Chapter 176 of the Acts of 2011 introduced many changes to the retirement law, and one of the most significant was to increase the interest rate charged for most service purchases and refund buy-backs. As a result, many members applied to purchase service before the interest rate increase was to take effect, and we experienced a 400% increase in the number of applications usually received.

At the end of 2016, in an effort to ensure that the information we received from members wishing to purchase past service was more complete and accurate—and, therefore, result in more timely processing of future service purchases—we revamped almost all of our service purchase applications. We also implemented a new refund buy-back application. In the past, requests for buying back credit for service previously withdrawn

from a Massachusetts retirement system were accepted in the form of simple written requests from members, who—through no fault of their own—often omitted some necessary information. Now members will be able to use this form to submit complete and detailed information, and that will allow us to more efficiently issue invoices for refund buy-backs.

Please be assured that we remain committed to processing all requests as quickly as possible. All requests are processed on a first-come, first-served basis. When we receive a request for either a service purchase or a creditable service estimate, we must research the applicant's employment data, often by reaching out to various school districts. Because of this, and an applicant's potentially complex work history, this can be a lengthy process, so some requests may take longer to process than others. If you currently have a pending request, we greatly appreciate your continued patience. Please note: if you have a pending request and are retiring this summer, you should contact us right away since all service purchases must be paid in full prior to your date of separation from service.

What is a service purchase?

Your MTRS benefit is based, in part, on the number of years of creditable service you have at the time of retirement. Purchasing service is a way to increase the potential benefit amount by buying credit for work that you have rendered in the past. The types of service that may be eligible for purchase are:

- Prior refunded service with the MTRS or another Massachusetts contributory retirement system*
- Other Massachusetts public service that was not eligible for membership in a contributory retirement system*
- Substitute, temporary or part-time public school service in Massachusetts*
- Out-of-State public school teaching service*
- Nonpublic school teaching service (either before 1973, or in a Massachusetts publicly funded school)
- Department of Defense overseas dependent school teaching service*
- Vocational education work experience
- Peace Corps service
- Active military service in the U.S. Armed Forces, MA National Guard or Active Reserves

If you have questions about purchasing creditable service, or feel that you may have some service that is eligible, please visit our website at mass.gov/mtrs.

* billed at the actuarial assumed interest rate.



Jeff Wulfson, Chairman

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FROM THE CHAIRMAN

Massachusetts education system recognized for excellence

Thank you, MTRS members, for all of your work—past and present

As you may have heard, *U.S. News & World Report* recently declared Massachusetts the best state in the nation. We are very proud to note that the Commonwealth's outstanding education system was one of the reasons that we were awarded this top honor.

Our achievements demonstrate the excellence of our system. Our high school graduation rate has improved for ten consecutive years. Last year's seniors led the nation on ACT and Advanced Placement tests. Our fourth and eighth graders tied for second place in the recent National Assessment of Educational Progress science exam. On international tests like the Program for International Student Assessment (PISA), our students rank with the best-performing nations in the world. *Education Week*, the paper of record in elementary and secondary education, recently rated our K-12 system as best in the nation—for the third year in a row!

Yes, our schools still have challenges ahead. Declines in population, influxes of English language learners, budgetary pressures, new

technology, and ever-increasing demands from colleges and employers—all of these issues and more occupy our educators on a day-to-day basis. But it's important every once in a while to step back, appreciate our progress, and give thanks to those who make it possible.

To our retired members, who built the foundation for this success, and to our active members, who continue to raise the bar higher and higher, thank you so much for the outstanding work you have done and continue to do. You have made Massachusetts public schools the envy of the nation. All of your colleagues here at the Teachers' Retirement System are grateful for your efforts, and we are pleased that we can support you as you educate the next generation of the Commonwealth's citizens.

Jeff Wulfson, Chairman

Keeping it safe

The security of your personal information is very important

Personal information

Keeping your personal information secure is very important at the MTRS. We adhere to a number of both physical and digital security measures to ensure that your data is not accessed by any unauthorized third party. This includes following industry standards and best practices for the storage and transmittal of member data, keeping paper files under lock-and-key, and following specific steps to verify your identity before any account information is shared.

If you call, we will verify that we are speaking to "you," our member, or someone to whom you have given explicit permission to discuss your account, or your certified power of attorney. We suggest never sending personal information to us through e-mail, as we cannot guarantee that it is a secure means of communication.

Information that is public record

Since our members are public employees, certain information about you is public record, and we are required by law to share this information with any party that requests it. This information includes your name, your membership date, your age (but not your date of birth), whether or not you are a veteran, the school district(s) where you work (or worked if you are inactive or retired), your retirement date, your type of retirement, and the gross amount—including any cost of living adjustments—you receive as a benefit payment.

We do occasionally receive public record requests from financial planning firms or similar organizations. As we are required to share the above information if it is requested, we will respond to these requests accordingly. Our sharing of public record information,

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Changes in actuarial assumptions contribute to slight decline in MTRS funded ratio

Current schedule aims for system to be fully funded in 2036

The most recent actuarial valuation of our retirement system reflected a decrease in the system's funded ratio from 54.3% to 52.8%. The decrease is primarily attributed to the most recent reduction in the system's assumed investment rate of return from 7.75% to 7.5%. This change—which was the third reduction to the investment assumption in the last four years—increased the system's liabilities by nearly \$1.2 billion because the system is projecting a more conservative long-term rate of return on the investment of the system's assets. The previous two changes, combined, added another \$1.9 billion in liabilities. The MTRS Board has supported the more conservative return assumptions in light of the investment rates of return over the last 15-plus years. In addition to the investment rate of return

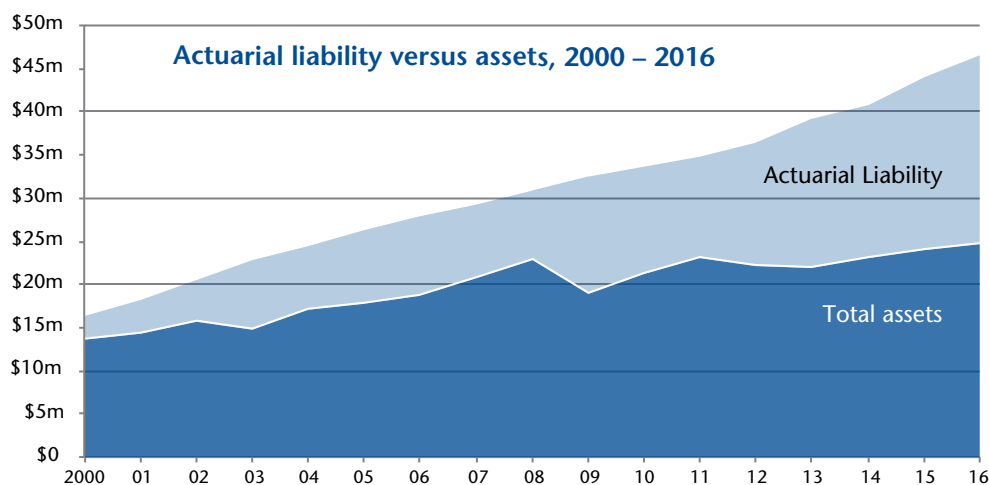
assumptions, the system has also adopted generational mortality assumptions to reflect the increasing life span of our members. The mortality assumption changes over the

last four years have added \$1.75 billion in additional actuarial liabilities to the system.

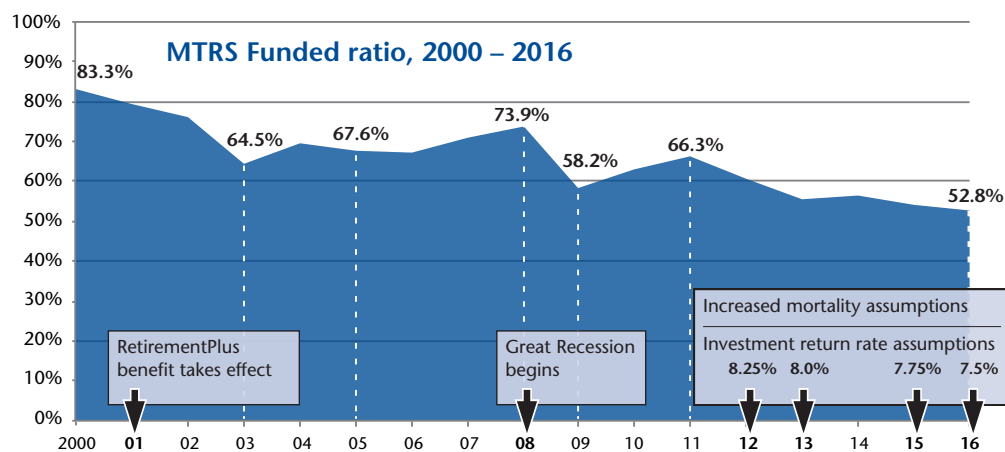
The changes in the assumptions were necessary to reflect the system's experience with increasing life expectancy and actual rates of return on investments. Although we are concerned by the reduction in the system's funded ratio, we are encouraged by the commitments of the Governor and the Legislature to fully fund our system and the State Employees' Retirement System by fiscal year 2036. Governor Baker and Legislative leaders have recently agreed to a new pension funding schedule that will annually increase pension funding by 8.94% until the system is fully funded. The dollar increase for FY2018 will be an additional \$196 million allocated for teacher and state employee pensions, bringing the total FY2018 contribution to \$2.4 billion. The MTRS Board, State Treasurer Deborah Goldberg and the Public Employee Retirement Administration Commission, acting both collectively and independently, requested additional funding for the systems. We are pleased that Governor Baker and Legislative leaders responded favorably to the requests.

We will continue to monitor the fiscal health of the system to ensure the retirement security of all of our members, and when necessary, request additional appropriations and/or changes to the demographic or financial assumptions used in the system's actuarial valuations.

We are encouraged by the commitments of the Governor and the Legislature to fully fund our system and the State Employees' Retirement System by fiscal year 2036.



Over the past 16 years, the MTRS has seen a larger increase in its actuarial liability versus the increase in total assets (above), which has resulted in a decline of the funded ratio (below).



Planning to retire soon?

Don't wait until the last minute—use our checklist so you'll be ready

Are you thinking about retiring soon, but can't quite figure out what to do and when? Use this handy checklist to keep you on track as your retirement date approaches!



Your retirement process checklist

When (in relation to your date of retirement)	Action
<input type="checkbox"/> One year before	CONTACT your local health insurance coordinator to confirm the health insurance coverage for which you will qualify as a retiree. If you cover a spouse or other dependent, be sure to ask about dependent coverage while you are retired <i>and</i> in the event of your death.
<input type="checkbox"/> 7-8 months before	GO to our website at mass.gov/mtrs , and select Active and inactive members > Creditable service . Review all of the types of service listed and apply to purchase any that apply to you and for which you have not yet established credit.
<input type="checkbox"/> 6 months before	GO to our website at mass.gov/mtrs , and, in the "Quick links to popular pages" menu, select "Apply for retirement." Follow the steps to estimate your benefits, review FAQ and download and print your retirement application. If you have any pending creditable service purchases, request invoices from us and be sure to tell us that you are retiring.
<input type="checkbox"/> 5 months before	COMPLETE Part 1 of the application* and ask your payroll official to complete Part 2. GATHER all necessary documents listed on the application cover sheet.
<input type="checkbox"/> 4 months before	RECEIVE Part 2 from your payroll official and MAIL the complete application and all attachments to the MTRS. Be sure to make a copy of the completed application and all attachments for your records. Be sure to have COMPLETED all service purchases. Full payment must be received before your date of retirement. Remind your local health insurance coordinator that you are retiring, and complete any necessary insurance paperwork

Retirement is a major life change, and often an emotional and confusing time.

Prepare now, so that the process is less stressful.

*As you will see, on the application, you are asked to list all of your creditable service and provide your "best estimate" of your total number of years.

Please note that it is NOT necessary for you to request a "creditable service letter" from the MTRS in order to complete your application. When we process your application, we will determine your exact amount of creditable service and notify you of the total before your benefit is finalized.

Questions? Check out our resources online!
mass.gov/mtrs

MTRS educational programs receive an “A”

We asked members what they thought of our fall “Ready for Retirement” program—they liked it!

As part of our ongoing efforts to help our members understand their retirement benefits, the MTRS holds educational programs throughout the Commonwealth. During the fall 2016 season of “Ready for Retirement,” we held seminars in our new main office in Charlestown and also visited Woburn, Norton, Auburn, Northampton, Beverly, Hanover, South Yarmouth and Ludlow.

During this season, we had a smaller than average turnout—976 members registered compared to the previous year’s 1,208. We attribute this decrease to our membership’s demographics: the majority of baby boomers have already retired.

According to our surveys, nearly 98% of attendees rated the overall quality of our seminars as excellent or good, with over 99% saying they would recommend the program to their peers.

We are pleased that our educational efforts are helpful to you, our members. As always, your feedback is important, so if you have any ideas or comments please feel free to drop us a line at GenInfo@trb.state.ma.us.

Thank you for being so supportive during a stressful time in educators’ lives.

I’m so grateful that these seminars are offered.

*THANK YOU!
Staff welcoming and very professional.
Presentation was very informative.*

Very well run program. Probably the best I have attended. Started and ended on time and limited questions as needed.

Keeping it safe, continued from page 2

however, should not be taken as an endorsement or promotion of any products or services that may be offered by these organizations; rather it is simply the MTRS fulfilling a legal obligation to furnish the requested information.

Helpful resource

Unfortunately, it is not uncommon for personal information to be stolen or compromised, due to the nature of digital infrastructure. It is very important to know when and where you may be at risk, and, to help everyone protect themselves, the Department of Homeland Security has put together an excellent online resource for fostering cyber security awareness for internet users of any age. For in-depth information on steps you can take to keep your personal information secure in the digital landscape, visit dhs.gov/StopThinkConnect.



Our new main office location

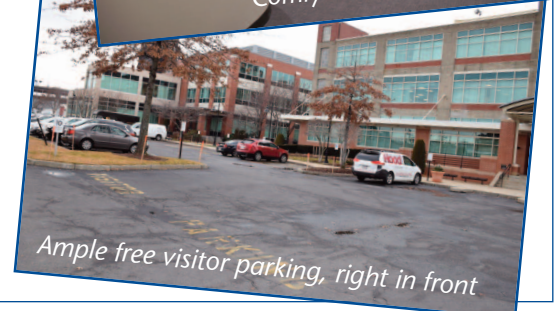


Interview rooms for counseling services

We moved in on Monday, October 3rd and were up and running within 2 days!



Comfy chairs while you wait



Ample free visitor parking, right in front